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TAGS: [EMIN](#) [EINV](#) [ECON](#) [PGOV](#) [CG](#)
SUBJECT: DRC MINING EXTRACTS, #2

REF: A. 06 KINSHASA 1737
[1](#)B. 06 KINSHASA 1621

[1](#)1. (U) Summary. DRC's three mining parastatals are considering public offerings of their shares. DRC's copper/cobalt and gold mining parastatals continue two much-publicized disputes with foreign mining companies. The CEO of DRC's copper/cobalt mining parastatal has said he intends to focus on amending but not canceling mining contracts with foreign investors. Coltan trade in Eastern Congo continues to decrease. End summary.

GOLD

[1](#)2. (U) Victor Kasongo, the outgoing CEO of OKIMO (the DRC's gold mining parastatal) has publicly said he wants to list the company on the London Alternative Investment Market (AIM) in 2007. Kasongo has been nominated as Vice Minister of Mines.

[1](#)3. (SBU) The dispute continues between Canadian Moto Goldmines and OKIMO over their joint venture in Orientale province. Kasongo says Moto has not complied with existing agreements and has threatened to have the contracts canceled or revised if Moto does not soon comply with its obligations. Kasongo claims Moto's most recent agreement with OKIMO, signed in November 2006, is invalid because he did not approve it (reftel A).

DIAMONDS

[1](#)4. (U) South African company Mwana Africa has announced it is discussing proposals to publicly list MIBA, the DRC's diamond mining parastatal. Mwana owns a 20 percent interest in MIBA and is itself listed on the London AIM.

[1](#)5. (U) A diamond trader paid USD 1.4 million for a 143-carat rough diamond a miner discovered in Orientale province. A diamond/gold diggers' association reportedly will share the proceeds, although the organization has complained it was cheated and should have received several million more dollars.

COPPER/COBALT

[1](#)6. (U) Paul Fortin, CEO of Gecamines, the DRC's copper/cobalt mining parastatal, said the company plans to review and renegotiate some of its joint venture contracts with foreign investors to address problems in the agreements, but does not intend to cancel any. However, trade press reported in 2006

that Fortin wants to cancel at least its inactive mining contracts. Fortin also indicated he is still considering both a bankruptcy filing and an initial public offering as means to reduce Gecamines' estimated USD 2.4 million debt.

17. (U) Tensions recently rose between Tenke Fungurume Mining (TFM), Phelps Dodge's joint venture copper/cobalt mining project in Katanga province and residents of Fungurume, a town in which TFM bases some of its mining operations. Some Fungurume residents reportedly protested over their perception that TFM is hiring expatriate workers at the expense of the local labor pool. Discussions among the residents, TFM and the Vice Governor have reduced tensions and helped calm the situation.

18. (U) The final court hearing in the lawsuit between Gecamines and First Quantum/Kumba Resources is scheduled for February 23 in Belgium. Gecamines disputes the companies' claim to rights in a zinc-copper concession in Katanga province on the grounds that the parties never entered a final, binding agreement (reftel B).

COLTAN

19. (SBU) Coltan trade in eastern Congo continues to decrease, according to the President of the Chamber of Commerce in Goma, North Kivu. The businessman told PolOff coltan's depressed world price and its easy confusion with other, less valuable minerals, are the main factors in the drop in trade. MEECE